



# Corporate Presentation

"Explore the true potential"

**MAHARASHTRA SEAMLESS LTD**

August 2011





## **FORWARD LOOKING & DISCLAIMER STATEMENT**


**This Investor Communique contains “forward-looking statements” about our business, financial performance, skills and prospects. Statements about our plans, intentions, expectations, beliefs, estimates, prediction or similar expression for the future are forward-looking statements.**

**Forward looking statements are based on management’s current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future Oil & Gas Prices and their impact on investment programs by Oil & Gas Companies, Steel Prices worldwide & domestic, economic & political conditions. We can not assure that outcome of this forward-looking statements will be realized.**

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# GROUP STRUCTURE

**D P Jindal Group**

**Pipes**

**Drilling**

**MSL**

**JPL**

**JDIL**

*Jindals embarked into business activity long back in 1952*

*One of the largest producer of Steel Pipes & Tubes (in both Seamless & ERW)*

*Jindals are pioneer & major contributory in Growth of Seamless & ERW Pipes & Tubes Industry.*

*JINDAL is a brand synonymous with "Steel Pipes & Tubes" within & outside India.*

*Today D. P. Jindal Group is one of the leading industrial House in India, Having turnover of Over USD 875 Millions or INR 4000 Crores.*





## **A BRIEF ABOUT MSL**

- ▶ **Leading manufacturer of Seamless & ERW Carbon & Alloy Steel Pipes & Tubes in India.**
- ▶ **A unique track record of putting up the plant at the lowest CAPEX levels.**
- ▶ **Is an ISO 9001 : 2008 Company and having API (5CT & 5L) and IBR Licenses.**
- ▶ **Plant is strategically located at Nagothane, about 100 Kms. from Mumbai Port.**
- ▶ **Both Seamless & ERW Plants are first of its kind in India and are having Technical Tie-up with SMS MEER (earlier known as MANNESMANN DEMAG) of Germany.**
- ▶ **“CPE Technology”, used for Seamless Pipes & Tubes production (upto 7” OD), is the world renowned technology.**
- ▶ **“Plug Mill Technology”, used for Higher Dia Seamless Pipes & Tubes production (from 7” to 14” OD), is the most reliable technology, in higher dia segment.**
- ▶ **High Frequency Induction Welding Technology, is used for ERW Pipes & Tubes (upto 21” OD).**
- ▶ **Having made a strategic business decision of foraying into Wind Power Generation business for captive consumption leading to low cost of Power Generation & substantial saving thereby and now in environmental friendly Solar Power Project.**





# **MAJOR MILESTONES OF MSL**

- 1988 Incorporated**
- 1991 IPO Launched**
- 1992 7” Seamless Plant Commissioned**
- 1993 API Certification and Production of Casing & Line Pipes**
- 1995 IBR Certification by Central Boiler Board**
- 1996 ISO Certification by BVQI**
- 2000 21” ERW Plant Commissioned**
- 2001 7 MW Wind Power Plant Commissioned**
- 2004 14” Seamless Plant Commissioned**
- 2005 JV facility with Hydril USA for premium Connections Commissioned**
- 2005 FCCB issue of USD 75 Million (entirely converted in Indian Equity Shares)**
- 2006 Coating facility Commissioned**
- 2007 6” Seamless Plant having 2,00,000 TPA acquired from Romania**
- 2008 JV Arrangement with Tenaris reconstituted (post Hydril acquisition)**
- 2008 Allocation of Non Coking Coal Block near Nagpur (Maharashtra) in consortium.**
- 2010 Received Allotment of 5 MW Solar PV Plant in Rajasthan from NTPC Vidyut Vyapar Nigam under Jawaharlal Nehru National Solar Mission**
- 2011 A wholly owned subsidiary Maharashtra Seamless (Singapore) Pte Ltd. has been formed in Singapore to expand international presence.**





## INSTALLED CAPACITIES

### **At Raigad (Maharashtra)**

- 3,50,000 MT p.a. of Seamless Pipes (from 1/2 " to 14" OD)**
  - 2,00,000 MT p.a. of ERW Pipes (from 6" to 20" OD)**  
**+ External / Internal Coating Facility (from 1" to 48" OD)**
- (2,00,000 MT p.a. of Seamless Pipe Plant is under erection)**

### **At Satara (Maharashtra)**

- 20 Wind Turbine Generators (WTG) of 350 KW each,**  
**aggregating to 7 MW**









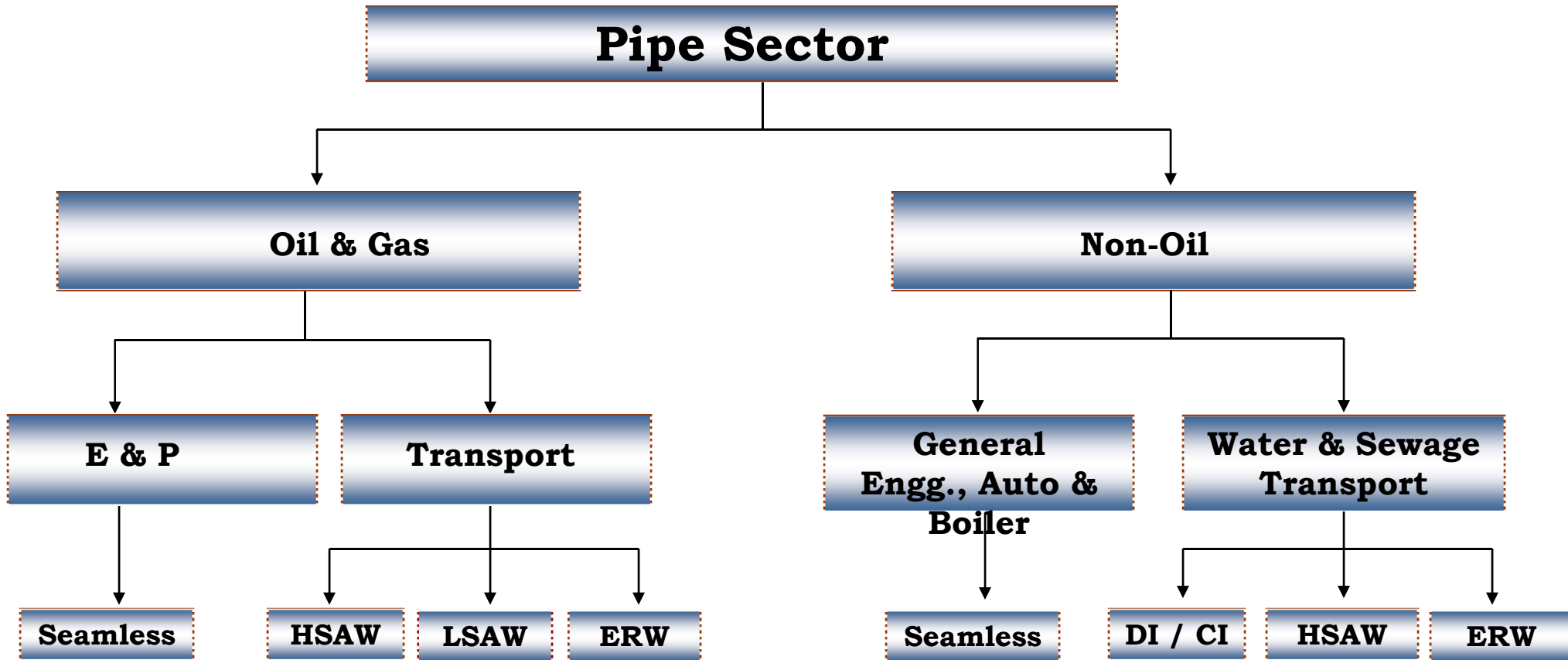
## AN OVERVIEW OF INDIAN PIPES & TUBES INDUSTRY

<b>Types of Pipes</b>	<b>Size</b>	<b>Major Raw Material</b>	<b>Domestic Players</b>	<b>Main Application</b>
<b>SEAMLESS</b>	1/2" – 14"	Round Steel Billets	Maharashtra Seamless Indian Seamless Tubes Jindal Saw BHEL, Remi Metals	Wide Application in High Pressure Oil & Gas Exploration & Drilling, Boiler, Automobiles, Process, Pipelines, Refineries
<b>SPIRAL - H SAW</b>	18" – 100"	HR Coils	Jindal Saw PSL Welspun Gujarat Man Industries	Low Pressure Application Cross Country Line Pipes for Oil & Gas and Water Transport
<b>- L SAW</b>	16" – 50"	Steel Plates	Jindal Saw Welspun Gujarat Man Industries	High Pressure Application Cross Country Line Pipes for Oil & Gas Transport
<b>ERW</b>	1/2" – 20"	HR Coils	Maharashtra Seamless Jindal Pipes Surya Roshni Welspun Gujarat	Low Pressure Application Cross Country Line Pipes for Oil & Gas and Water Transport
<b>DUCTILE IRON / CAST IRON</b>	3" – 39"	Pig Iron & Scrap	Electrosteel Castings Jindal Saw Lanco Kalahasti Kesoram Industries	Water & Sewage Transport.



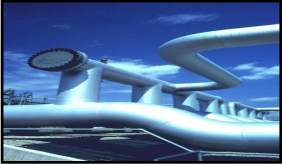


# DEMAND DRIVERS FOR INDIAN PIPES & TUBES INDUSTRY



# VALUED CUSTOMERS

## Oil & Gas Sector



ONGC, OIL, GAIL, RIL, Indraprasta Gas, Cairn Energy, Mahanagar Gas Ltd, British Gas (India), Green Gas, Bhagyanagar Gas

## Hydraulic Cylinder



UT Ltd., Salzgitter Hydraulic Pvt Ltd., AMKO Mining & Drilling

## Hydrocarbon & Process Industry



IOCL, HPCL, BPCL, EIL, RPL, MRPL, BRPL, CPCL, HMEL, ESSAR OIL, BORL, IOTL, BCPL OPAL, NOCL, OMPL

## Boiler, Heat Exchanger & Condenser



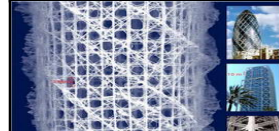
BHEL, ISGEC, Thermax, Cethar Vessels, NTPC, Alstom, Paharpur Cooling, Thyssen Krupp, G.B. Engg., BWE, Thermal Systems

## Exports



Chevron, Al Furat Petroleum, Exploreco Energy, Occidental, AGIBA, TITAS, KNPC., KOC, Aramco, Petronas, Fedoz, CMC, KOP, MOGE SDB, Luke Oil, INTEROIL

## EPC Contractors



L&T, Punj Lloyd, Samsung, Technip, BGR, Techpro Ashtech Ltd., Uhde, Technimont, Toyoda, Essar, Kazstroy, Aker

## Infrastructure



Mumbai Airport, Chennai Airport, Ahmedabad Airport, Wankhede Stadium, TCS IT Park, DMRC

## Major Industries



Hindalco, NALCO, SAIL, Vedanta, RINL, TISCO, JSPL, JSW, Bhushan





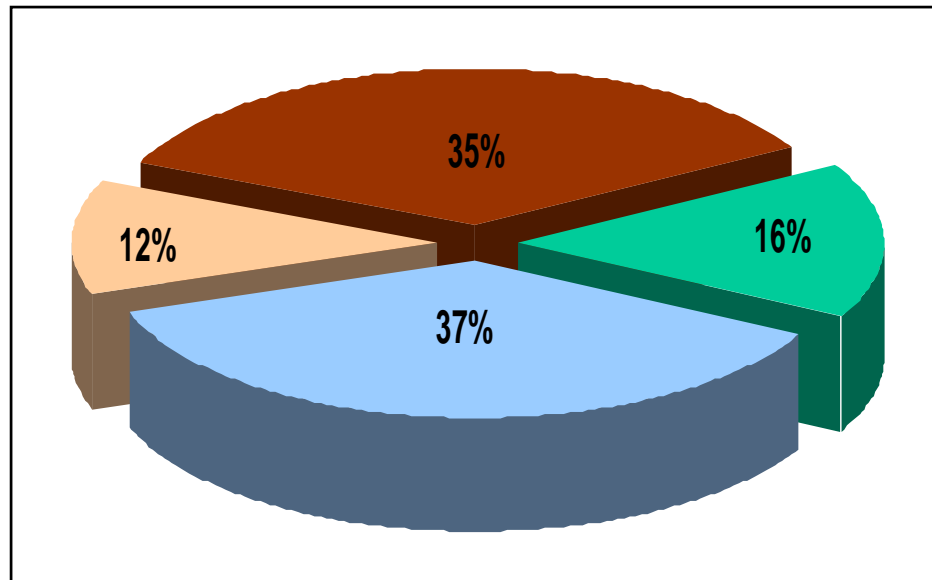
# DOMESTIC MARKET SHARE OF SEAMLESS PIPES



**JINDAL SAW 12%**



**MSL 37%**



**IMPORT 35%**



**ISMT 16%**

The present Indian Market is approx. 0.7 Million MT p.a.





## VENDOR REGISTRATION FOR MSL BY MAJOR CUSTOMER

### **Domestic**

- ✓ Oil & Natural Gas Corpn.Ltd.
- ✓ Engineers India Ltd.
- ✓ Oil India Ltd.
- ✓ Gas Authority of India Ltd.
- ✓ Indian Oil Corpn.Ltd.
- ✓ Bharat Petroleum Corpn.Ltd.
- ✓ Steel Authority of India Ltd.
- ✓ Bharat Heavy Electrical Ltd.
- ✓ National Thermal Power Corpn.
- ✓ Indian Railway

### **International**

- ✓ Sat Joint Operation, Saudi Arabia & Kuwait (JV Company of Chevron, Texaco & KOC)
- ✓ Al-Furat Petroleum Corporation, Syria (JV Company of Shell)
- ✓ Kuwait Oil Company (KOC), Kuwait
- ✓ Mobile Producing Nigeria, (JV Company of Mobile & NNPC)
- ✓ Ministry of Oil & Gas, Oman
- ✓ Arabian Gulf Oil Company, Libya
- ✓ Malaysian International Trading Corpn. (subsidiary of Petronas, Malaysia)
- ✓ Saudi Aramco, Saudi Arabia
- ✓ Occidental of Oman (OXY), Oman
- ✓ Petroleum Development Oman, LLC
- ✓ SAIPEM, ITALY
- ✓ NIOC, NISOC, IRAN





## MAJOR GLOBAL SEAMLESS PLAYERS

### **Domestic**

- ✓ **Maharashtra Seamless Ltd.**
- ✓ **Indian Seamless Metals Tubes**
- ✓ **Jindal Saw Ltd.**
- ✓ **Remi Metals**
- ✓ **OCTL**

### **International**

- ✓ **Tenaris Group, Mexico  
(Siderca, Tamsa, Dalmine, Tavsa,  
NKK Tubes & Algoma Tubes)**
- ✓ **Vallourec & Mannesmann, France**
- ✓ **Volski Tube Mill, Russia**
- ✓ **Arcelor Mittal**
- ✓ **Tianjin Pipe Corpn., China**
- ✓ **Sumitomo, Japan**
- ✓ **JFE Steel Corporation, Japan**
- ✓ **US Steel, USA**
- ✓ **TMK, Russia**





# FINANCIAL POSITION

## PROFIT & LOSS ACCOUNT EXTRACT

(Rs. Million)

Description	FY07 Audited	FY08 Audited	FY09 Audited	FY10 Audited	FY11 Audited	Q1 FY12 Declared
Sales	15196	16404	21835	16912	18874	5089
Operating Income	0	145	253	108	223	39
Other Income	315	292	468	421	698	86
<b>Total Income</b>	<b>15511</b>	<b>16841</b>	<b>22556</b>	<b>17441</b>	<b>19795</b>	<b>5214</b>
PBIDT	3725	3230	4145	4528	5154	1102
Operating Profit(EBIDTA)	3410	2939	3677	4107	4456	1016
Intrest	35	37	116	34	32	1
Depreciation	163	174	179	183	185	46
Tax	1166	1058	1243	1458	1495	332
Deferred Tax	23	8	8	7	14	7
<b>Profit After Tax (PAT)</b>	<b>2338</b>	<b>1953</b>	<b>2599</b>	<b>2846</b>	<b>3428</b>	<b>716</b>
Cash Profit	2524	2135	2786	3036	3627	769
Equity Share Capital	350	353	353	353	353	353
<b>Net Worth</b>	<b>9241</b>	<b>10934</b>	<b>13100</b>	<b>22876</b>	<b>25392</b>	<b>26006</b>
<b>Ratios</b>						
<b>EBIDTA as % of Sales</b>	<b>22.4</b>	<b>17.9</b>	<b>16.8</b>	<b>24.3</b>	<b>23.6</b>	<b>20</b>
<b>PAT as % of Sales</b>	<b>15.4</b>	<b>11.9</b>	<b>11.9</b>	<b>16.8</b>	<b>18.2</b>	<b>14.1</b>
<b>ROCE</b>	<b>21.8</b>	<b>15.8</b>	<b>18.1</b>	<b>11.8</b>	<b>12.9</b>	
<b>RONW</b>	<b>25.3</b>	<b>17.9</b>	<b>19.8</b>	<b>12.4</b>	<b>13.5</b>	
Basic EPS (Annualised)	38.38	27.70	36.56	40.35	48.44	10.16
Dividend Per Share (Rs.)	5.5	5	5.0	6.0	6.0	6.0
Gross Block of FA (Rs. Mn.)	3742	4432	5144	13908	15001	15001
Adj. Book Value Per share (Rs.)	132	155	186	324	360	368





## MARKET SUMMARY

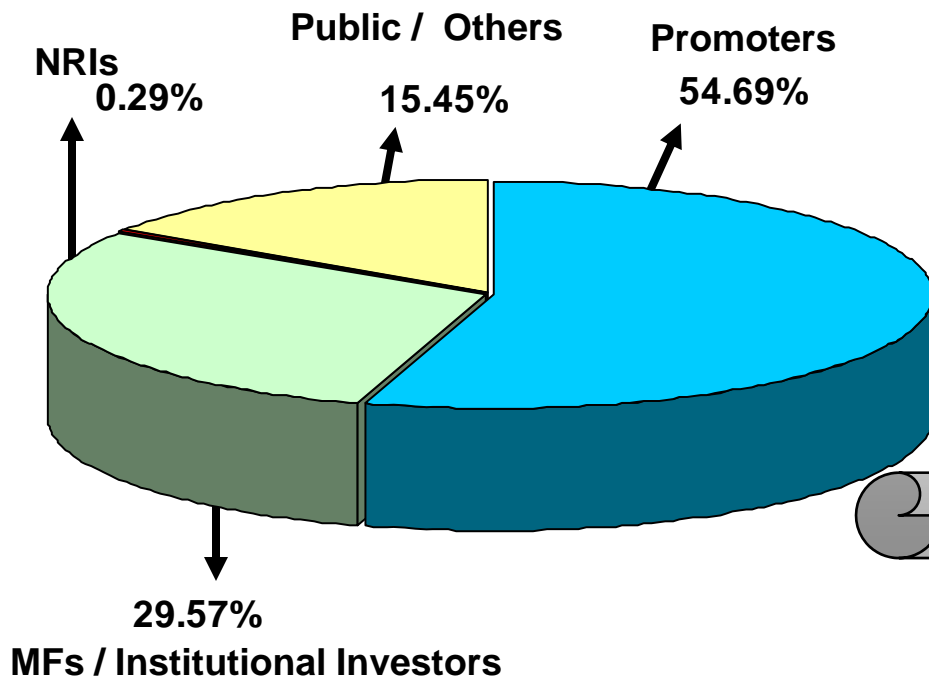
- ❖ **IPO** → **1991**
- ❖ **FCCB Issue** → **2005**
- ❖ **Stock Split** → **2006**
- ❖ **Market Cap** → **Approx USD 543 Million**
- ❖ **Free Float** → **45%**
- ❖ **BSE Code** → **500265**
- ❖ **NSE Code** → **MAHSEAMLES**
- ❖ **NSDL/CDSL-ISIN** → **INE271BO1025**



# SHAREHOLDING & CAPITAL STRUCTURE

## The Equity Share Capital of Rs. 353 Million

### Share Holding Pattern as on 30/06/2011



### Highlights

- 👉 Shares listed in NSE & BSE.
- 👉 52 Weeks High/Low at NSE  
INR 456.00 / 318.55.
- 👉 Book Value per equity share  
(FV Rs. 5) INR 369.





# MSL Awards...

We are proud and honoured to bring home various Awards. “Winning is acknowledgement of our sincere efforts and the best practices that we follow”



# Awards

- **“Steel Pipe Manufacturer Of The Year”**  
- Business Sphere Awards (2007-08)



- **“Asia’s Top 200 Small & Mid size Companies, Best Under a Billion”** - Forbes Asia



- **“IMM Award for Excellence, 2007”**  
- Asian Economic Community, IMM



- **“India’s Top 500 Companies, 2006 & 2007”**  
- Dun & Bradstreet American Express Corporate Awards



# Awards

- **“Udyog Rattan Award”**  
- Institute of Economic Studies



- **“Export Excellence 2007-2008  
Star Performer Award”**  
- EEPC India



- **“Certificate of Achievement 2009”**  
**“29<sup>th</sup> position amongst India’s  
500 best-performing mid sized enterprises”**  
- INC. India



# SWOT

## Strength

- **Globally competitive due to lower manufacturing cost and ability to meet stringent International Quality Standards.**
- **Strong Presence in Oil and Gas Sector for Seamless Pipes.**
- **50-50 JV with Tenaris for Upstream Premium Threading Connections.**
- **Major Domestic Customers includes Cash Rich Public Sector Undertakings of Oil & Gas Sector.**
- **Only Indian manufacturer of Seamless Pipes for Tubing & Casing beyond 9-5/8” to 14” OD.**
- **One of the few Indian manufacturer of ERW Pipes beyond 16” to 21” OD Pipe, a competitive product over SAW Pipes in that range (for Cross Country Line Pipe Application).**
- **Cash Rich & Debt Free Company.**
- **MSL casings are well accepted in USA market as “MAHA” Brand and is also having a Global presence in various countries of the world ranging across Middle East and Far East.**
- **Limited number of Manufacturers Internationally for higher OD Seamless Pipes.**
- **Presently enjoying “AA+” Rating from CRISIL & ICRA.**



# SWOT CONTD....

## Weakness

- **Limited capacity to cater for Bearing / Auto industries.**

## Opportunities

- **Massive domestic investment plans in Oil, Gas, Power & Steel sectors.**
- **Anti Dumping on Chinese pipes in EU, USA, Canada, Mexico.**

## Threat

- **Dumping of pipes & tubes from China.**





## MARKET BACKGROUND & CURRENT OUTLOOK

- To meet the ever-increasing energy needs, all countries are intensifying their E & P activities, which would lead to increased demand of Casings & Tubing.
- In India, increased emphasis on natural gas is going to create large demand of seamless & welded pipes for the many upcoming LNG terminals & City Gas Distribution projects.
- The Domestic Petroleum, Chemicals & Petrochemicals sector is due to attract huge investment in the PCPIRs, which is going to create large demand for seamless & welded pipes.
- To meet the huge demand-supply gap in the core domestic sectors like power & steel, massive investments including Ultra Mega projects are lined up, which is going to boost the demand for seamless & welded pipes.
- AD/CVD against Chinese pipes is under investigation in countries like Brazil in addition to being effective in EU, USA, Canada, Mexico. Well established in USA, now we are in advance stage of entering these countries.
- We are extending our seamless product range upto 20” and higher grades like P5, P9, P91 which would certainly add more business to us.



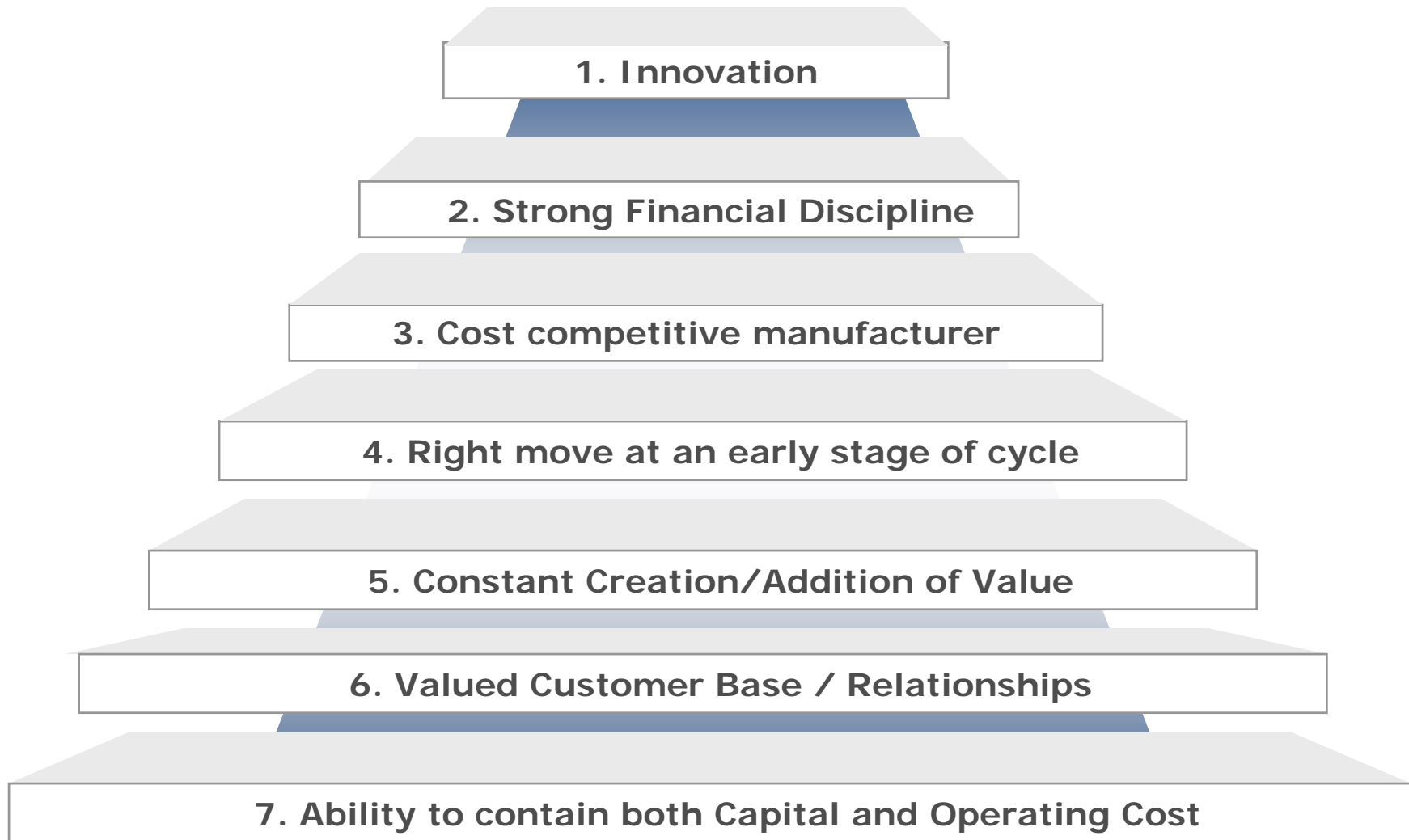


## **FUTURE PLANS OF MSL**

- **Focusing on Niche products within Pipe business viz. Higher Dia ERW, Seamless, Coated Line Pipes & 13 Chrome Pipe.**
- **To fully exploit the export potential of SEAMLESS & ERW Pipes.**
- **Program to expand in renewable energy sector. Propose to bid for more Solar Power Projects.**
- **16” Seamless pipe Green Field project to be setup near port for exports.**
- **To double the existing Capacity for Seamless Pipe in next 4-5 years.**
- **To set up Captive Power Plant for securing Energy requirements.**
- **To set up / to acquire a Backward Integrated Plant for making Steel Round Billets.**



# Sustaining Success: Key Points





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#### Website

:

**[www.jindal.com/msl.htm](http://www.jindal.com/msl.htm)**



Thanks!

